

Message Text

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PAGE 01 STATE 008773
ORIGIN AF-10

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TO AMEMBASSY LAGOS IMMEDIATE

C O N F I D E N T I A L STATE 008773

E.O. 11652: GDS

TAGS: CASC, EINV, EFIN, NI, US

SUBJECT: AIG CASE

REF: LAGOS 175

SUMMARY: AIG REPRESENTATIVES PHONED AF/W JANUARY 9 TO REPORT ON JANUARY 5 MEETING IN LAGOS. AIG PARTICULARLY DISAPPOINTED BY ABSENCE OF PERM SECS FINANCE AND TRADE. IN AIG VIEW MEETING WAS NOTHING MORE THAN REHASH OF WELL KNOWN POSITIONS. FMG REPRESENTATIVES WERE TOO NUMEROUS; WERE PRIMARILY CONCERNED WITH PROTECTING THEIR OWN POSITIONS AND LACKED AUTHORITY TO NEGOTIATE. AIG REPS ABOUZIED AND NOTTINGHAM PREPARED TO RETURN TO LAGOS AND PRESIDENT GREENBERG REMAINS WILLING TO GO BUT TRAVEL MUST BE FOR MEETING WITH A SMALL NUMBER OF HIGH LEVEL FMG OFFICIALS WITH CLEAR AUTHORITY AND WILLINGNESS TO NEGOTIATE THE ISSUES AT HAND. IF SUCH A MEETING CANNOT BE ARRANGED IN A REASONABLE PERIOD OF TIME AIG WILL
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 008773

SUBMIT A CLAIM OF EXPROPRIATION.

1. AIG VICE PRESIDENT SHELP AND ANDREW MUNROE OF WHITE AND CASE (AIG ATTORNEYS) PHONED AF/W JAN 9 TO DISCUSS REPORT OF JAN 5 LAGOS MEETING WHICH THEY HAD RECEIVED

FROM ABOUZEID AND NOTTINGHAM WHO ARE CURRENTLY IN EUROPE.

SHELP WAS VERY DISAPPOINTED AT THE FAILURE OF PERM SECS TO ATTEND. ALTHOUGH HE NOTED BELLO'S APOLOGY, IT IS AIG'S UNDERSTANDING THAT ALHAJI MADE IT CLEAR THAT HE NEVER HAD ANY INTENTION OF ATTENDING. SHELP EMPHASIZED THAT MEETING WAS MUCH TOO LARGE AND INCLUDED NO ONE WITH AUTHORITY TO NEGOTIATE. AFOLABI, WHOM SHELP UNDERSTOOD TO BE SIMPLY AN MEA "LIASON OFFICER", REPORTEDLY ACTED THROUGHOUT TO AVOID ANY DISCUSSION OF ISSUES OR NEGOTIATION AND EVEN OBJECTED TO AIG MAKING STATEMENT OF POSITION.

2. SHELP'S UNDERSTANDING OF POSITIONS TAKEN AT END OF MEETING ACCURATELY REFLECTS INFORMATION REPORTED PARAS 5-6 REFTEL. AIG WILL PROCEED WITH APPEAL TO CAPITAL ISSUES COMMISSION (CIC) REGARDING THE EVALUATION OF THE 11 PERCENT SHARES ALTHOUGH THEY DO NOT ANTICIPATE AN ADEQUATE INCREASE IN THE EVALUATION TO RESULT FROM THIS PROCESS. SHELP NOTED THAT IN MARKED CONTRAST TO THE OTHER FMG PARTICIPANTS IN THE MEETING AIG FOUND THE CIC REPRESENTATIVES TO BE FAIR AND COMPETENT.

3. RE LEFEVERE'S CASE, SHELP STATED THAT AIG NOW BELIEVES THAT PASSPORT WAS LIFTED AT THE INSTIGATION OF MINTRADE PERM SEC ALHAJI AND THAT ALHAJI CONTINUES TO INTERCEDE TO PREVENT ITS RETURN. HE DID NOT KNOW THE "EVIDENCE" ON WHICH THIS VIEW IS BASED BUT OFFERED TO CHECK FOR US.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 008773

4. AIG REPS, INCLUDING PRESIDENT GREENBERG, REMAIN WILLING TO MEET WITH FMG BUT SEE NO POINT IN FURTHER MEETINGS UNLESS THEY INVOLVE A SMALL GROUP AT POLITICAL LEVEL WITH AUTHORITY TO NEGOTIATE. SHELP IS AWARE OF AND APPRECIATES EMBASSY'S EFFORTS TO ARRANGE SUCH A MEETING THROUGH GARBA. IN ANTICIPATION OF SUCH A MEETING AIG HAS FORMULATED A COMPROMISE OFFER. LEFEVERE HAS FULL DETAILS OF THIS OFFER AND WILL BRIEF EMBASSY. IN DISCUSSIONS WITH GARBA EMBASSY MAY REFER TO EXISTENCE OF COMPROMISE OFFER WHICH AIG BELIEVES WILL BE ATTRACTIVE TO THE FMG AND WILL PERMIT ALL PARTIES INVOLVED TO SAVE FACE. HOWEVER, AIG DOES NOT WISH, AND EMBASSY SHOULD NOT RPT NOT, PRESENT ANY DETAILS OF THE COMPROMISE PROPOSAL IN THE COURSE OF EFFORTS TO ARRANGE HIGH LEVEL MEETING.

5. BEGIN FYI. ESSENCE OF THREE PART OFFER IS A) IT WILL DROP EXPROPRIATION CLAIM OF 49 PERCENT IF TECHNICAL SERVICES AGREEMENT (TSA) ACCEPTED FOR EIGHT YEARS FROM JAN '76; B) IF AIG IS COMPENSATED FOR TSA AT 5 PERCENT OF PREMIUMS; C) IF 11 PERCENT OF AIG SHARES NOW SCHEDULED FOR PURCHASE BY FMG COMPENSATED AT 10 NAIRA PER SHARE AND IF THIS

11 PERCENT IS HELD BY NOMINEE (I.E. NOT ACTUALLY TRANSFERRED TO FMG) UNTIL EXPIRATION OF TSA. EFFECT OF THIS IS TO ALLOW AIG TO CARRY 100 PERCENT OF AIG ASSETS ON ITS BALANCE SHEET FOR NEXT SIX YEARS. NO DIVIDENDS WOULD BE DECLARED FOR LIFE OF TSA. END FYI.

6. SHELPS CONCLUDED THAT AIG'S FIRM POSITION IS THAT IF A HIGH LEVEL MEETING CANNOT BE ARRANGED IN A REASONABLE (UNDEFINED) PERIOD OF TIME, AIG WILL FILE A CLAIM OF EXPROPRIATION. SEPTTEL FOLLOWS PROVIDING DETAILS OF THIS PROCESS AND EXPLAINING CONSEQUENCES OF A FINDING THAT AN EXPROPRIATION HAS TAKEN PLACE.

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 008773

7. PER PARA EIGHT, REFTTEL, DEPARTMENT STRONGLY ENDORSES AMBASSADOR'S EFFORTS TO OBTAIN FOLLOW-ON MEETING WITH MEA COMMISSIONER AND URGES IT BE ACCOMPLISHED THIS WEEK. AMBASSADOR SHOULD DRAW UPON PREVIOUSLY STATED REASONS TO IMPRESS UPON COMMISSIONER THE SERIOUSNESS WITH WHICH WASHINGTON VIEWS THIS MATTER AND THE ADVERSE CONSEQUENCES FOR US/NIGERIAN BILATERAL RELATIONS SHOULD A MUTUALLY ACCEPTABLE SOLUTION NOT BE FOUND.

CHRISTOPHER

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